

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
Refinements to and Further Development of the
Commission's Resource Adequacy Requirements
Program.

Rulemaking 05-12-013
(Filed December 15, 2005)

**ADMINISTRATIVE LAW JUDGE'S RULING
PROVIDING FOR MEET AND CONFER PROCESS
TO DEVELOP STUDY INPUT ASSUMPTIONS**

At the February 3, 2006 prehearing conference, the California Independent System Operator (CAISO) stated that it would need eight weeks to perform a local capacity requirements (LCR) study for 2007 once the study input assumptions are determined. The CAISO further indicated that revising the study to incorporate any changed input assumptions would require an additional four weeks. In view of the Commission's intention to adopt local resource adequacy requirements by June, this means that the time for determining LCR study input assumptions, completing the study, and developing a record that considers the LCR study outcomes is extremely limited.

I recognize that determining the LCR study input assumptions involves disputed issues that are still being addressed in this proceeding. However, as I indicated in my February 7, 2006 e-mail, and as discussed at the workshop on the LCR study and local resource adequacy requirements held on February 8 and 9, 2006, there appears to be a viable procedure that would allow the CAISO to commence the 2007 LCR study at the earliest possible date while any disputed

issues pertaining to the input assumptions are being resolved. Specifically, the CAISO could perform an LCR study for 2007 using more than one scenario based on different sets of input assumptions. The quantitative differences revealed in the scenarios should provide useful input for policy decisions the Commission will need to adopting local resource adequacy requirements. In particular, by incorporating a range of scenarios, the study should produce results that allow the Commission to make policy determinations about which level of LCR is appropriate to adopt in this proceeding. Whether by varying the scenarios, the assumptions, or the display of the results, the CAISO's LCR study should be prepared and presented in a manner that makes transparent which factors drive the ultimate LCR figures for each local area.

It appears that a "meet and confer" process would be an appropriate and effective forum for interested parties to work towards agreement on a limited number of study scenarios reflecting an array of input assumptions. It may be most useful to develop scenarios designed to yield "low," "mid-range," and "high" LCR values, but I leave that determination to the parties. As discussed at the workshop on February 9, 2006, the CAISO will convene the meet and confer session on February 17, 2006 at a location and at a time of its determination. The CAISO will provide more detailed notice of the meet and confer session.

I note that at the February 8, 2006 workshop session, several participants suggested that it would be beneficial for the CAISO to provide a full listing of the various LCR study inputs for which different assumptions or values could be used. I ask that the CAISO serve such a listing, including assumptions regarding minimum reliability criteria, at least one day prior to the meet and confer session (*i.e.*, by noon on February 16, 2006).

IT IS RULED that:

1. The California Independent System Operator (CAISO), interested respondents, and other interested parties should meet and confer on February 17, 2006, with the objective of identifying not more than three alternative sets of input assumptions that the CAISO would incorporate into its 2007 local capacity requirements (LCR) study. The CAISO will provide notice of the time and location of the meeting.

2. On or before February 22, 2006, the parties will file and serve notice of the agreed-upon scenarios reflecting different sets of input assumptions that CASIO will use in conducting the 2007 LCR study. Each scenario should be clearly described in terms of the package of input assumptions that will be studied and any associated policy issues that the Commission will need to resolve. This filing should provide an estimated schedule upon which each of the scenarios, once completed, could be revised to incorporate any changed input assumptions.

Dated February 10, 2006, at San Francisco, California.

/s/ MARK S. WETZELL

Mark S. Wetzell
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Providing for Meet and Confer Process to Develop Study Input Assumptions on all parties of record in this proceeding or their attorneys of record.

Dated February 10, 2006, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.